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This Week in Canadian Agriculture, Issue 19 2004

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Report Highlights:

* Financial Compensation Announced for B.C. Poultry Industry Impacted by Avian Influenza *
CFIA Suspends B.C. Poultry Depopulation Program * R-CALF Says USDA Surveillance Plan
Should Target Canadian Origin Cattle * Southern Ontario Plant Plans to Process Cull Cows *
NAFTA Panel Rules on Lumber Duties * Saskatchewan Crop Conditions * Manitoba Crop
Update * Corn Production Predicted to Drop * Canadian Agriculture Income Stabilization
Program Amendments Now in Place

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Ottawa [CA1]
[CA]

This Week in Canadian Agriculture is a weekly review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives.

Disclaimer: Any press report summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

FINANCIAL COMPENSATION ANNOUNCED FOR B.C. POULTRY INDUSTRY IMPACTED BY

AVIAN INFLUENZA: The Canadian Food Inspection Agency (CFIA) announced a compensation package for birds ordered depopulated because of avian influenza in British Columbia's Fraser Valley. Most birds ordered destroyed during the response were sent through normal commercial channels at market value. The Agency's compensation is intended to cover the cost of replacing the remaining birds ordered destroyed for which market value could not be recovered. The package reflects the unprecedented scope and scale of the outbreak, which has devastated the Fraser Valley poultry industry, from hatcheries through to processing plants. The package also includes compensation for rare or specialty birds that were depopulated due to the highly contagious nature of the outbreak. Most of the birds, approximately 17 million, that were ordered culled from 42 farms and 11 backyard flocks were sent to market after testing negative for the virus, where they retrieved normal market prices. A CFIA official estimated that the compensation paid under the program would be approximately C\$50-60 million.

CFIA SUSPENDS B.C. POULTRY DEPOPULATION PROGRAM: According to the Chicken Farmers of Canada (CFC), the national agency that regulates chicken production, the Canadian Food Inspection Agency (CFIA) has suspended the depopulation process associated with British Columbia's avian influenza outbreak with about 10 percent remaining of the 19 million birds originally slated for slaughter. The spared birds are mostly in one confined area in which avian influenza has not been discovered. To date, approximately 1.3 million birds were depopulated and disposed of while 15 million healthy birds went to market. Restocking has not yet begun. If avian influenza is detected during a clean and disinfect period, the suspension will be lifted. The CFC hopes that the suspension of the depopulation action is a move towards resuming normal operations in B.C. which, some speculate, could take up to a year. The CFIA first confirmed the presence of highly pathogenic avian influenza in B.C. on March 8, 2004.

R-CALF SAYS USDA SURVEILLANCE PLAN SHOULD TARGET CANADIAN ORIGIN CATTLE: In a press release, the Ranchers-Cattlemen Action Legal Fund United Stockgrowers of America (R-CALF USA) urges USDA to focus its attention on cattle that originated in Canada, saying they pose the highest risk. USDA's expanded BSE surveillance plan went into effect on June 1, 2004. The group's CEO charged that Canadian cattle are higher risk for BSE than U.S. cattle citing that both positive cases for BSE in 2003 were in Canadian origin cattle. The group estimates that up to 450,000 head of Canadian origin cattle are currently on farms in the United States (i.e., imported prior to BSE live cattle import restrictions). For an up to date account of the test results under the USDA's expanded BSE surveillance plan, go to www.aphis.usda.gov

SOUTHERN ONTARIO PLANT PLANS TO PROCESS CULL COWS: In the next few weeks, Gencor Foods Inc. a subsidiary of Gencor, a farmer owned genetics company, hopes to have the former MGI slaughter plant in Kitchener, Ontario up and running. Gencor purchased the former MGI facility in late 2003. MGI suffered financial failure in 2000 and was known for slaughtering a high number of cull cows. After it closed, most of the source cows were exported live to U.S. cow plants up until BSE trade restrictions in the spring of 2003. Gencor officials said they bought the plant as a means of helping ease Ontario's cull cow crisis resulting from the trade ban and to establish an integrated link in the meat industry. The plant has a slaughter capacity of about 1,500 head per week.

NAFTA PANEL RULES ON LUMBER DUTIES: For a second time, a NAFTA panel has ruled that the duties imposed on Canadian lumber imports should be reworked, which would result in the elimination of the 19% duty on Canadian lumber moving across the border. The ruling concluded that the Commerce Department use inappropriate benchmarks in determining the level of subsidies on

Canadian lumber. It was a unanimous decision by the five-member panel. The Department has until July 30 to adjust its numbers or appeal the ruling.

SASKATCHEWAN CROP CONDITIONS: According the Saskatchewan department of agriculture, farmers in that province have seeded 90% of the 2004 crop, slightly behind the five-year average of 95%. Seeding progress ranges from 73% in the southeast region and 96% in the central region to 98% in the northeastern region. Rainfall has delayed seeding the southeast and south-central districts. The cool weather has delayed crop development across the province. Oilseed development is behind by 63%, pulse crop development is behind by 53% and fall cereal development is behind by 45%. Moisture is just under 73% adequate, except in west central regions where it is 34% adequate. The southeast-central and southwestern regions are reporting flooding.

MANITOBA CROP UPDATE: The provincial department of Agriculture reports as of June 7 the **Southwest** received rainfall amounts ranging from 9-43 mm, with hailstorms hitting some of the districts. Cereal crop seeding is roughly 85% completed. Oilseeds are 70% done and sunflowers are 60% completed. Corn seeding is falling behind and some acres may have to be switched to other crops. In the **Northwest** excess moisture has forced seeding to be halted for a few days last week to allow the fields to dry out. The region received 10-25 mm of rain. Seeding is 95% completed, but some areas may be too wet to plant the final 5%. Despite the delay for some, the rainfall and warm weather has been favorable for crop emergence. Roughly 80% of the cereals and 40% of the canola has emerged. In the **Central** region, districts received between 25-50 mm of rain. Soils are saturated. Roughly 80% of intended seeding has occurred, but only 30% of intended soybean acres will be planted, with the remaining acres mostly likely switched to canola. In the **Eastern** region the rainfall ranged from 27-94 mm, adding additional moisture to already wet fields. Crops in low-lying areas are yellowing due to moisture stress, but otherwise fields are generally in good shape. In the **Interlake** rain and warmer temperatures were favorable for crop and forage development, though standing water and slow emergence in some fields are resulting in crop losses. Seeding is reported between 90-95%, but some areas are significantly behind at 50%.

CORN PRODUCTION PREDICTED TO DROP: According the Agriculture and Agri-Food Canada, corn production is forecast to decrease due to lower area seeded and yields in eastern Canada. The Ontario Corn Producers Association is reporting that only 80% of the corn crop has been seeded. The wet conditions have reduced the acreage of corn to 1.55 to 1.6 million acres, the lowest in ten years. The lower domestic supplies are expected to help increase the imports of U.S. corn into eastern Canada. In western Canada, the import of corn is expected to decline due to the increased use of barley for feed and higher production levels of barley.

CANADIAN AGRICULTURE INCOME STABILIZATION PROGRAM AMENDMENTS NOW IN PLACE: The Government of Newfoundland and Labrador and Ottawa signed the amendment to the Canadian Income Stabilization (CAIS) program. Ottawa now has the majority of provinces required to implement the proposed amendments to CAIS. Alberta, Ontario, New Brunswick, Quebec, Nova Scotia and Prince Edward Island had previously signed onto the changes. The amendments include negative margin coverage, increasing the payment cap from C\$975,000 to C\$3 million, and simplifying deposit requirements for producers. The CAIS program is a federal-provincial initiative created to replace existing safety net programs by combining income stabilization and disaster protection into a single program.

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CA4040	This Week in Canadian Agriculture, Issue 17	5/28/2004
CA4039	This Week in Canadian Agriculture, Issue 16	5/21/2004
CA4038	Provisional Anti-Dumping Duties on U.S. Frozen Pizza	5/18/2004

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